

FINANCE AND INSURANCE



Maryland Department of Labor, Licensing and Regulation
Division of Workforce Development
Office of Workforce Information and Performance
1100 N. Eutaw Street, Room 316
Baltimore, MD 21201

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Finance & Insurance Cluster

What is included in the Finance & Insurance Cluster?

The Finance & insurance Cluster is comprised of establishments primarily engaged in financial transactions and/or facilitating such transactions. These transactions may involve the creation, liquidation, or change in ownership of financial assets. Included are: central banking functions; credit intermediation (including banking); investment services such as securities and commodities sales and portfolio management; sales and service of insurance; underwriting of annuities and insurance policies; and management of investment funds and trusts, including employee health insurance and pensions. In recent years, the lines between some of these functions has become increasingly blurred, as some establishments, which in the past were limited to one major type of financial activity, have moved into providing other financial services as well. This industry cluster is mainly driven by human capital—that is, the skills and knowledge of the workforce—rather than physical capital (equipment, machinery, or materials). An exception is this sector's extensive use of computers and other electronic means to facilitate financial transactions. This report groups industries in the Finance & Insurance Cluster into three divisions:

Credit Intermediation and Central Banking includes establishments engaged in accepting funds from depositors and making commercial, industrial, consumer, mortgage, and other real estate loans; facilitating lending funds or issuing credit through activities such as loan brokerage, check cashing and credit card services, or other financial instruments; and central bank services—authorities responsible for managing the Nation's money supply. Included are the industries of:

NAICS

- **5211** Monetary authorities-central bank
- **5221** Depository credit intermediation
- **5222** Nondepository credit intermediation
- **5223** Activities related to credit intermediation

Securities and Commodity Contracts and Other Financial Investments and Related Activities includes firms which, on a contract, fee, or commission basis, are engaged in either: acting as agents between buyers and sellers of securities and commodities; providing securities and commodity exchange services; underwriting securities issues; or providing other financial services such as managing portfolios of assets, supplying investment advice, or trust and fiduciary services. Industries included are:

NAICS

- **5231** Securities and commodity contracts brokerage
- **5232** Securities and commodity exchanges
- **5239** Other financial investment activities

Insurance Carriers, Agencies, Brokerages, and Other Insurance Related Activities; Funds, Trusts, and Other Financial Vehicles includes firms which underwrite annuities and insurance policies; sell and/or service various types of insurance policies; fund employee benefits (such as health insurance and retirement plans); and other legal entities (i.e., funds, trusts) which pool assets on behalf of shareholders or beneficiaries. Industries included are:

NAICS

- **5241** Insurance carriers
- **5242** Insurance agencies, brokerages, and related
- **5251** Insurance and employee benefit funds
- **5259** Other investment pools and funds

For additional descriptive information on NAICS, go to www.census.gov/epcd/naics02/

This publication was developed using data from the Quarterly Census of Employment and Wages (ES 202) and from the Occupational Employment Statistics (OES) Programs.

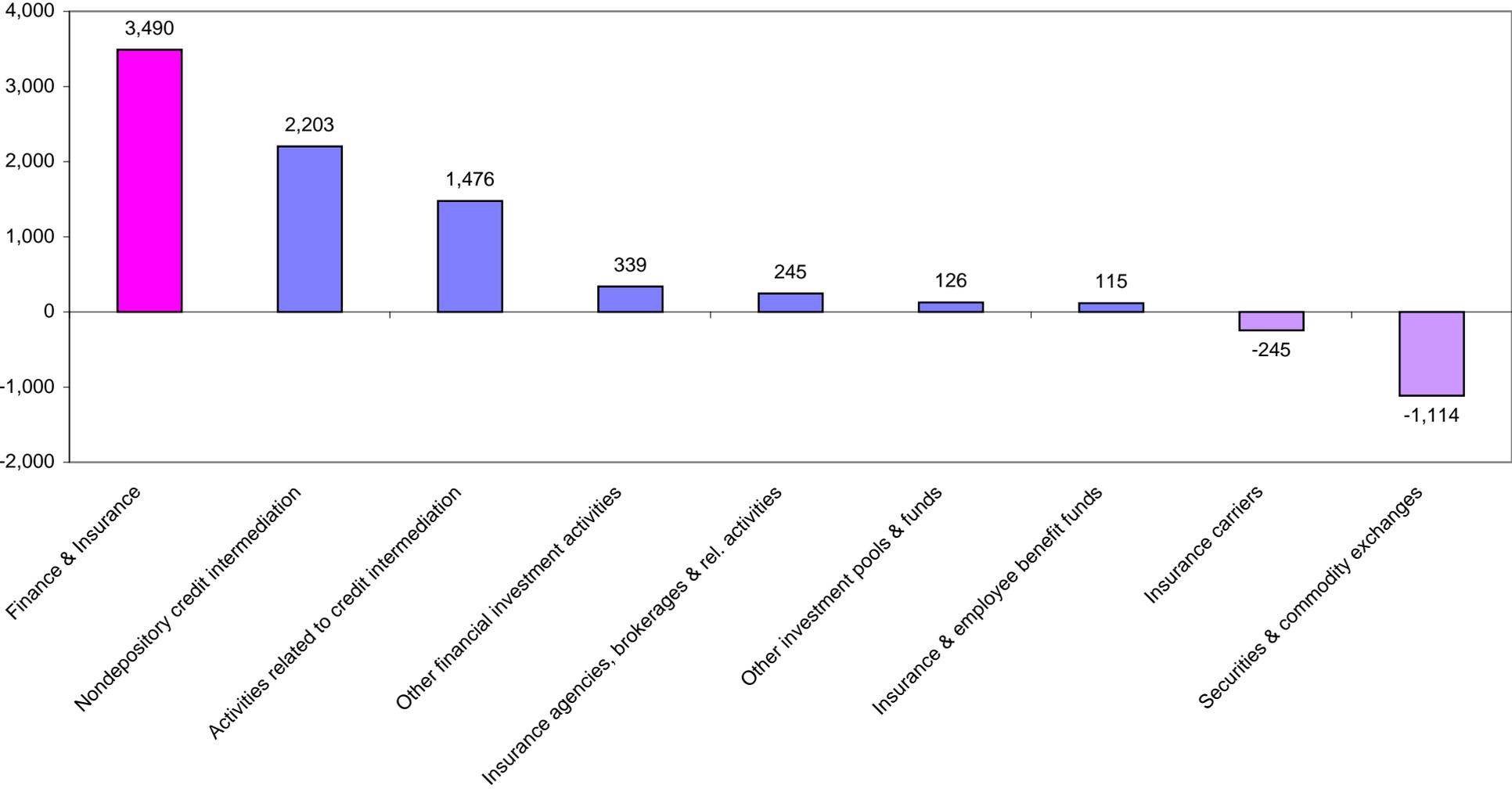
Maryland
Employment and Wages in the Finance & Insurance Cluster Industries

NAICS	Industry Description	Employment		Payroll		Average Weekly Wage	Industry Share of Cluster
		2002	2004	2002	2004	2004	
	Finance & Insurance	106,317	109,807	\$6,359,374,194	\$7,294,776,348	\$1,278	100.0
	Credit Intermediation & Central Banking	52,288	55,968	2,555,769,282	3,017,664,633	1,037	51.0
5211 &	Monetary authorities - central bank &						
5221	Depository credit intermediation	28,069	28,070	1,131,281,703	1,258,643,461	862	25.6
5222	Nondepository credit intermediation	15,955	18,158	978,806,380	1,227,540,959	1,300	16.5
5223	Activities related to credit intermediation	8,264	9,740	445,681,199	531,480,213	1,049	8.9
	Securities/Commodity Contracts & Other Financial Investments/Related Activities	14,357	13,582	1,626,731,148	1,774,164,876	2,512	12.4
5231 &	Securities/commodity contracts brokerage &						
5232	Securities/commodity exchanges	7,166	6,052	878,494,619	901,747,551	2,865	5.5
5239	Other financial investment activities	7,191	7,530	748,236,529	872,417,325	2,228	6.9
	Insurance	38,295	38,536	2,064,675,344	2,343,000,580	1,169	35.1
5241	Insurance carriers	22,004	21,759	1,231,644,015	1,392,369,941	1,231	19.8
5242	Insurance agencies, brokerages & related activities	14,567	14,812	747,226,823	843,058,930	1,095	13.5
5251	Insurance & employee benefit funds	1,345	1,460	64,022,150	72,742,486	958	1.3
5259	Other investment pools & funds	379	505	21,782,356	34,829,223	1,326	0.5
N/A	Nondistributable*	1,377	1,721	112,198,420	159,946,259	1,787	1.5

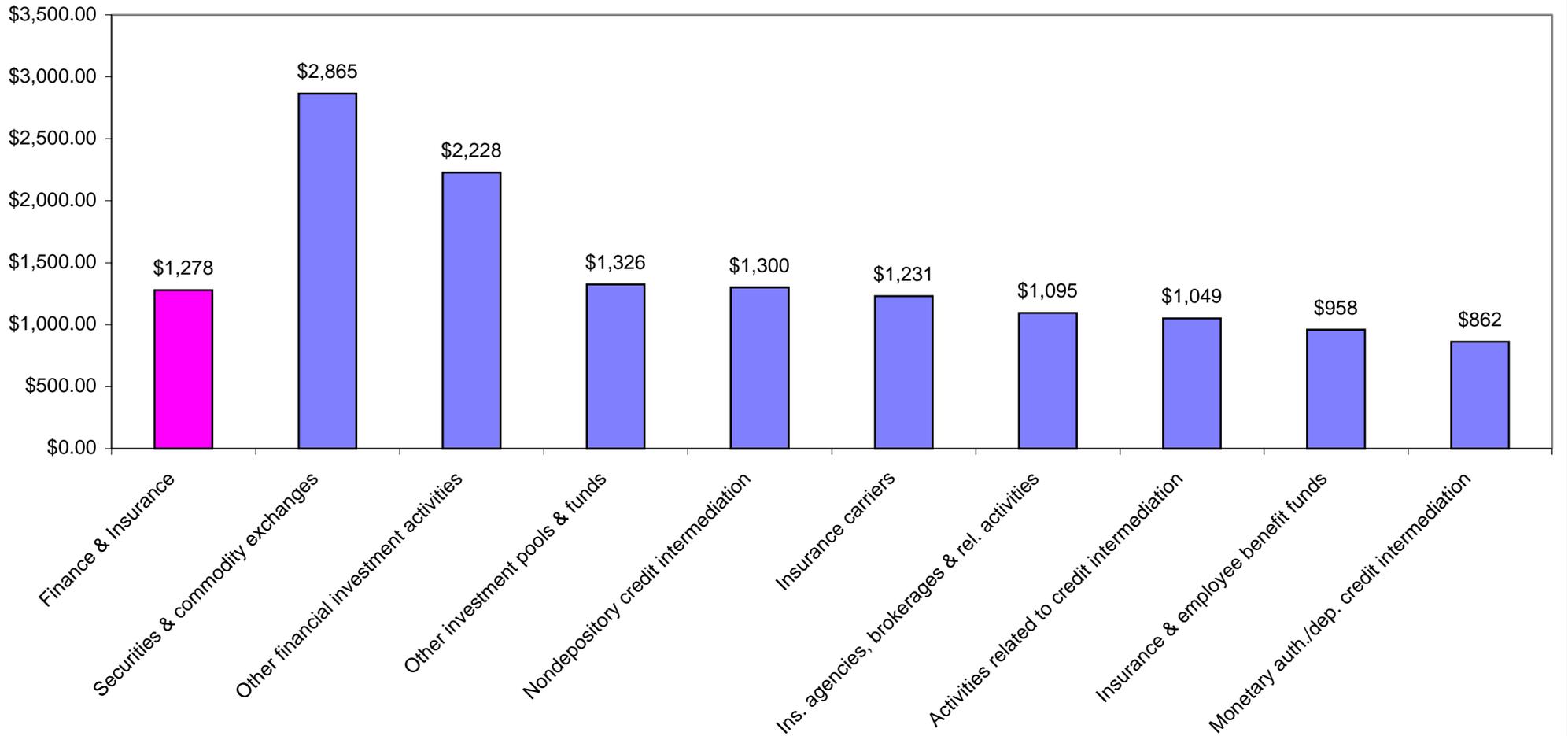
- A marginal decline, of about 210 jobs, between 2002 and 2003 was eclipsed by the overall performance in the cluster through 2004. Employment in Finance and Insurance advanced by 3.3 percent through 2004 -- about two and a half times higher than the 1.4 percent rate recorded for overall economic expansion.
- The surge in mortgage lending and refinancing activities, prompted by record low interest rates, was a primary factor underlying growth in the nondepository credit intermediation subsector. Employment in this cluster industry grew at a rate of 13.8 percent over the 2002-2004 period, accounting for nearly two-thirds of the overall cluster job gain.
- Baltimore County and Anne Arundel County have been the strongest supporters of expansion in Finance and Insurance, collectively contributing about 3,000 jobs to the cluster between 2002 and 2004. Baltimore City's share of cluster employment has declined somewhat due to buyouts, mergers and relocations, however, the City has retained some of the highest paying employers in the cluster. Finance and Insurance businesses in the City, on average, pay wages of \$1789.00 per week, a wage nearly 40% above the overall cluster average of \$1278.00.

* Includes establishments in all Finance & Insurance Cluster NAICS industries that cannot be distributed geographically.

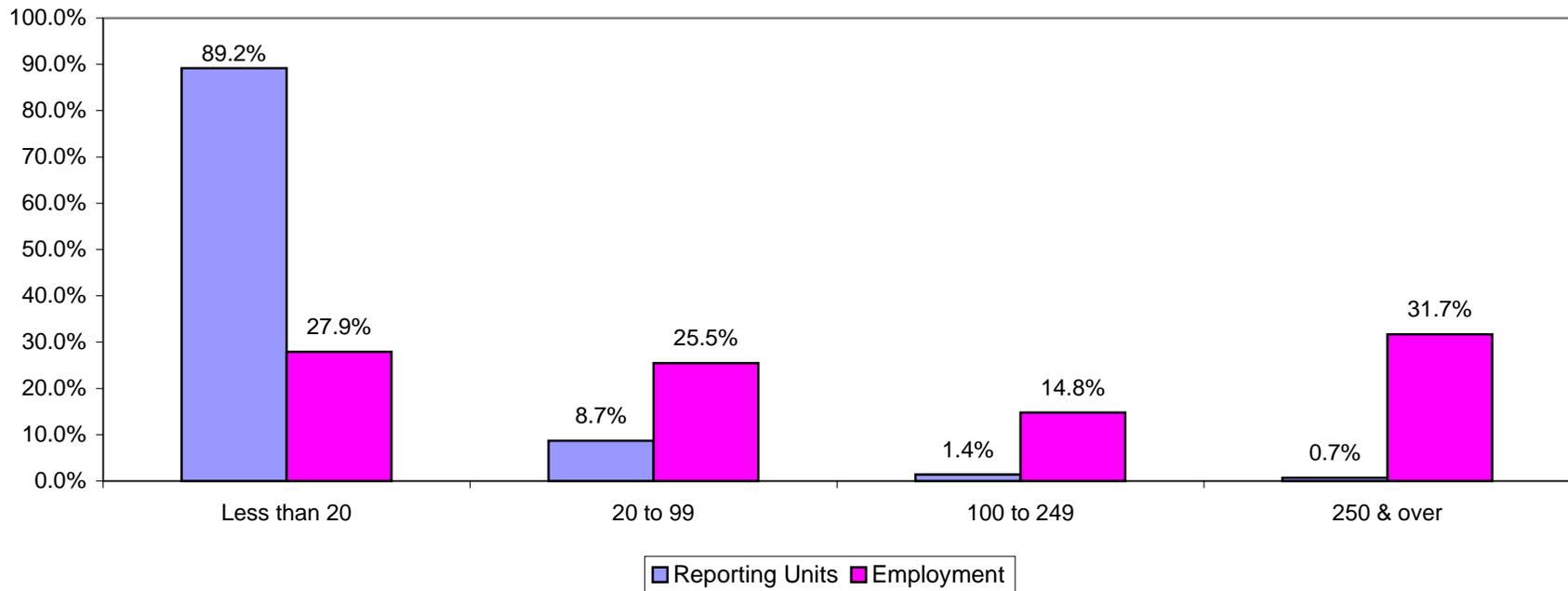
**Employment Changes in the Finance & Insurance Cluster Industries
2002 - 2004**



Maryland
Average Weekly Wages in the Finance & Insurance
Cluster Industries - 2004



Maryland
Reporting Units and Employment Concentration in the Finance & Insurance by Size Class*
Based on 4th Quarter 2004 Average Employment



	Reporting Units				Employment			
	Less than 20	20 to 99	100 to 249	250 & over	Less than 20	20 to 99	100 to 249	250 & over
Finance & Insurance Cluster	6,874	668	108	53	30,406	27,818	16,133	34,565
Percent of Total	89.2%	8.7%	1.4%	0.7%	27.9%	25.5%	14.8%	31.7%

- About 9 out of every 10 business establishments in the finance & insurance cluster employ fewer than twenty workers. Among the detailed industries in the cluster, the highest density of small businesses are found in insurance agencies and brokerages, followed by depository credit intermediation institutions. These two industry subsectors, when combined, account for just over 50% of all establishments in the less than 20 size class.
- While business concentration is centered in the less than 20 size class, worker concentration is greatest in the 250 & over size class, a stratification which holds about 32% of the cluster's employment. Nearly a third of the employment in this size class is reported by insurance carriers.

* Includes establishments in all Finance & Insurance cluster NAICS industries that cannot be distributed geographically.

Maryland
Occupations with the Highest Employment Concentrations in the Finance & Insurance Cluster

Occupation	Annual Openings			Training Code	Median Hrly/Annual* Wage
	Growth*	Replacements *	Total *		
General and Operations Managers	1,420	1,230	2,650	4	38.75
Financial Managers	295	210	505	4	37.25
Management Analysts	415	255	670	4	34.50
Loan Officers	165	90	255	5	24.75
Insurance Sales Agents	20	140	160	5	22.00
Securities, Commodities & Financial Svcs. Sales Agts.	80	50	130	5	23.75
Accountants & Auditors	300	365	665	5	26.25
Personal Financial Advisors	85	35	120	5	21.50
Insurance Underwriters	20	30	50	5	24.00
Financial Analysts	95	65	160	5	28.00
Computer Systems Analysts	485	230	715	5	36.75
New Accounts Clerks	10	30	40	8	14.75
Supervisors, Office & Administrative Support Workers	290	620	910	8	21.50
Claims Adjustors, Examiners & Investigators	70	55	125	10	21.25
Customer Service Representatives	735	485	1,220	10	14.25
Insurance Claims & Policy Processing Clerks	20	70	90	10	15.25
Bookkeeping, Accounting & Auditing Clerks	150	550	700	10	15.75
Executive Secretaries and Administrative Assistants	400	580	980	10	18.50
Secretaries, exc. Legal, Medical & Executive	230	835	1,065	10	14.50
Brokerage Clerks	0	15	15	10	17.25
Tellers	90	430	520	11	11.00
Loan Interviewers & Clerks	0	45	45	11	15.75
Bill & Account Collectors	310	190	500	11	14.75
Receptionists & Information Clerks	690	610	1,300	11	11.50
Office Clerks, General	695	1,165	1,860	11	12.25

Note: Occupations are ranked by training code

Estimates for Annual Openings rounded to the nearest 5

Wages adjusted to reflect inflationary pressures through September 2005.

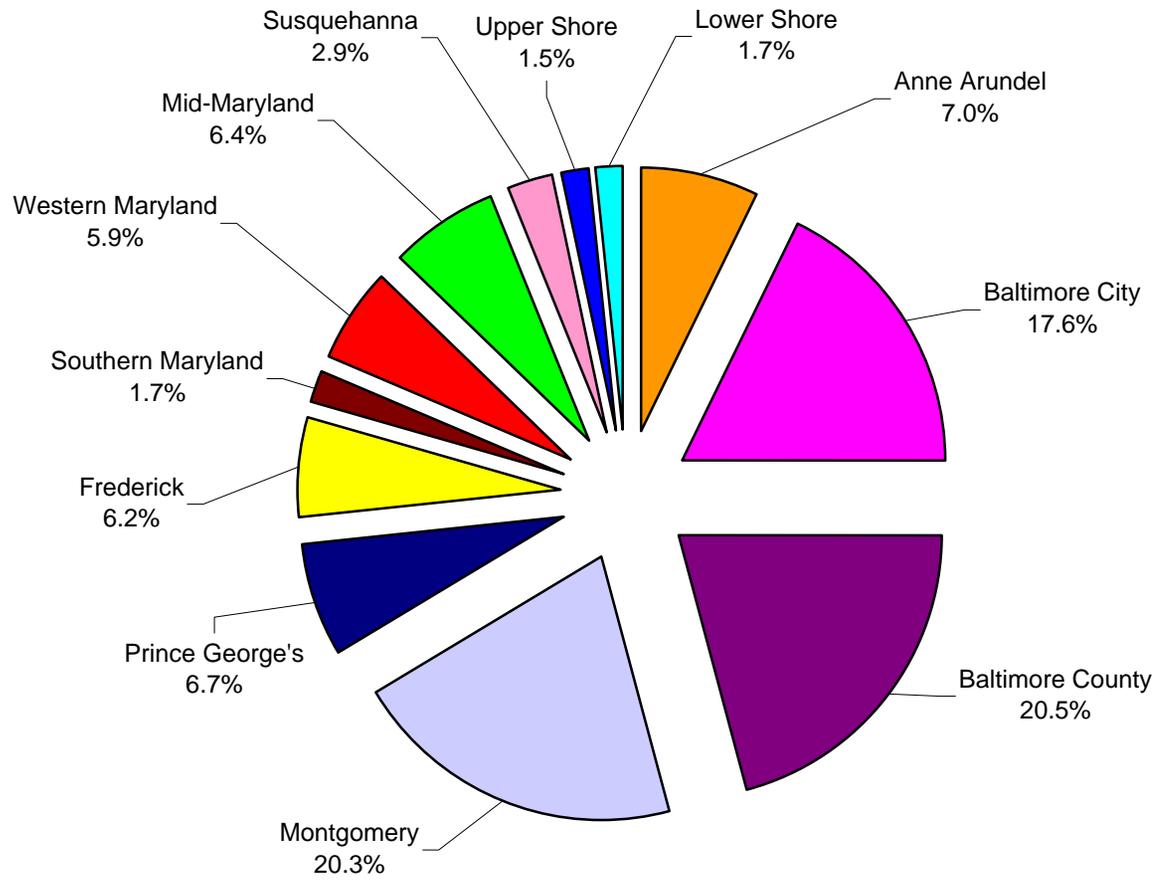
* Represents economy-wide demand 2002 - 2012

Education and Training Categories

Occupations are classified into 1 of 11 categories by the Bureau of Labor Statistics based on analyses of the occupation's usual education and training requirements conducted while developing information to present in the *Occupational Outlook Handbook*. The 11 classifications are as follows:

- 1 **First professional degree.** Completion of the academic program usually requires at least 6 years of full-time equivalent academic study, including college study prior to entering the professional degree program.
- 2 **Doctoral degree.** Completion of the degree program usually requires at least 3 years of full-time equivalent academic work beyond the bachelor's degree.
- 3 **Master's degree.** Completion of the degree program usually requires 1 or 2 years of full-time equivalent study beyond the bachelor's degree.
- 4 **Bachelor's or higher degree, plus work experience.** Most occupations in this category are managerial occupations that require experience in a related nonmanagerial position.
- 5 **Bachelor's degree.** Completion of the degree program generally requires at least 4 years but not more than 5 years of full-time equivalent academic work.
- 6 **Associate degree.** Completion of the degree program usually requires at least 2 years of full-time equivalent academic study.
- 7 **Postsecondary vocational award.** Some programs last only a few weeks while others may last more than a year. In some occupations, a license is needed that requires passing an examination after completion of the training.
- 8 **Work experience in a related occupation.** Some occupations requiring work experience are supervisory or managerial occupations.
- 9 **Long-term on-the-job training.** This category includes occupations that generally require more than 12 months of on-the-job training or combined work experience and formal classroom instruction for workers to develop the skills needed for average job performance. This category includes formal and informal apprenticeships that may last up to 4 years and short-term intensive employer-sponsored training that workers must successfully complete. Individuals undergoing training are generally considered to be employed in the occupation. This category includes occupations in which workers may gain experience in non-work activities, such as professional athletes who gain experience through participation in athletic programs in academic institutions.
- 10 **Moderate-term on-the-job training.** This category includes occupations in which workers can develop the skills needed for average job performance after 1 to 12 months of combined on-the-job experience and informal training.
- 11 **Short-term on-the-job training.** This category covers occupations in which workers can develop the skills needed for average job performance after a short demonstration or up to one month of on-the-job experience or instruction.

Finance & Insurance Cluster - 2004

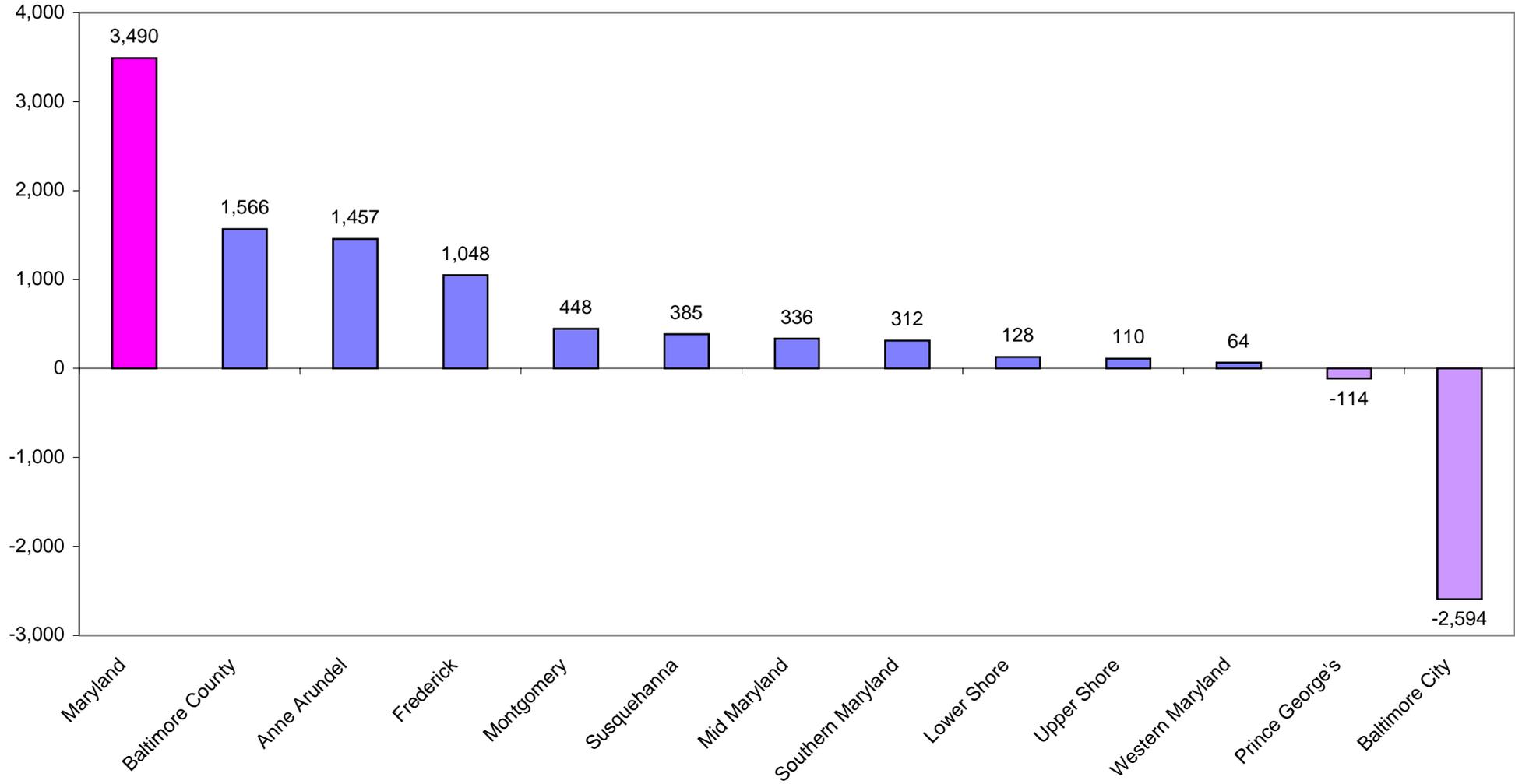


**Employment and Wages in the Finance and Insurance Cluster
By WIA and By Local Jurisdictions**

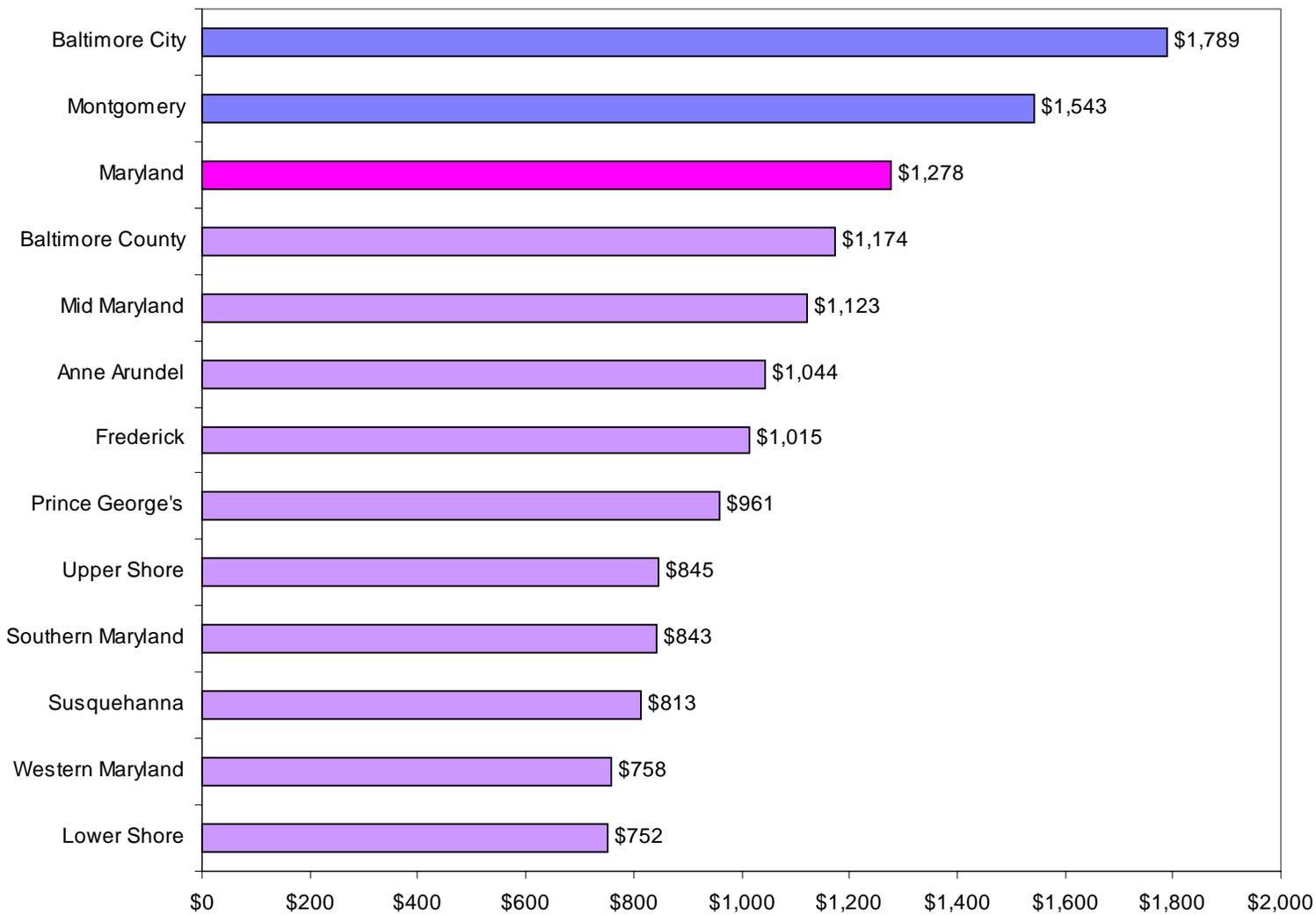
WIA	Employment		Employment Change 2002 - 2004	Number of Reporting Units 2004	Total Wages 2004	Average Weekly Wage 2004
	2002	2004				
Anne Arundel	6,281	7,738	1,457	725	\$420,251,170	\$1,044
Baltimore City	21,927	19,333	-2,594	665	1,798,743,686	1,789
Baltimore County	20,950	22,516	1,566	1,444	1,374,197,030	1,174
Frederick	5,760	6,808	1,048	283	359,305,979	1,015
Montgomery	21,834	22,282	448	1,520	1,787,375,715	1,543
Prince George's	7,516	7,402	-114	706	370,036,829	961
Lower Shore	1,754	1,882	128	250	73,615,459	752
Somerset	162	168	6	20	4,119,944	472
Wicomico	1,130	1,224	94	143	51,680,143	812
Worcester	462	490	28	87	17,815,372	699
Mid Maryland	6,699	7,035	336	704	410,793,606	1,123
Carroll	1,205	1,247	42	205	54,000,763	833
Howard	5,494	5,788	294	499	356,792,843	1,185
Southern Maryland	1,560	1,872	312	280	82,057,504	843
Calvert	260	363	103	66	18,551,235	983
Charles	755	941	186	141	42,317,156	865
St Mary's	545	568	23	73	21,189,113	717
Susquehanna	2,743	3,128	385	334	132,306,543	813
Cecil	470	533	63	71	18,817,889	679
Harford	2,273	2,595	322	263	113,488,654	841
Upper Shore	1,496	1,606	110	207	70,565,485	845
Caroline	213	212	-1	24	7,324,683	664
Dorchester	264	303	39	31	11,866,823	753
Kent	265	272	7	26	9,831,523	695
Queen Anne's	183	203	20	45	8,251,184	782
Talbot	571	616	45	81	33,291,272	1,039
Western Maryland	6,420	6,484	64	248	255,581,083	758
Allegany	581	571	-10	76	19,322,983	651
Garrett	117	155	38	22	5,237,348	650
Washington	5,722	5,758	36	150	231,020,752	772
Nondistributable*	1,377	1,721	344	590	159,946,259	1,787
Maryland	106,317	109,807	3,490	7,956	7,294,776,348	1,278

* Includes establishments in the Finance & Insurance Cluster NAICS industries that cannot be distributed geographically

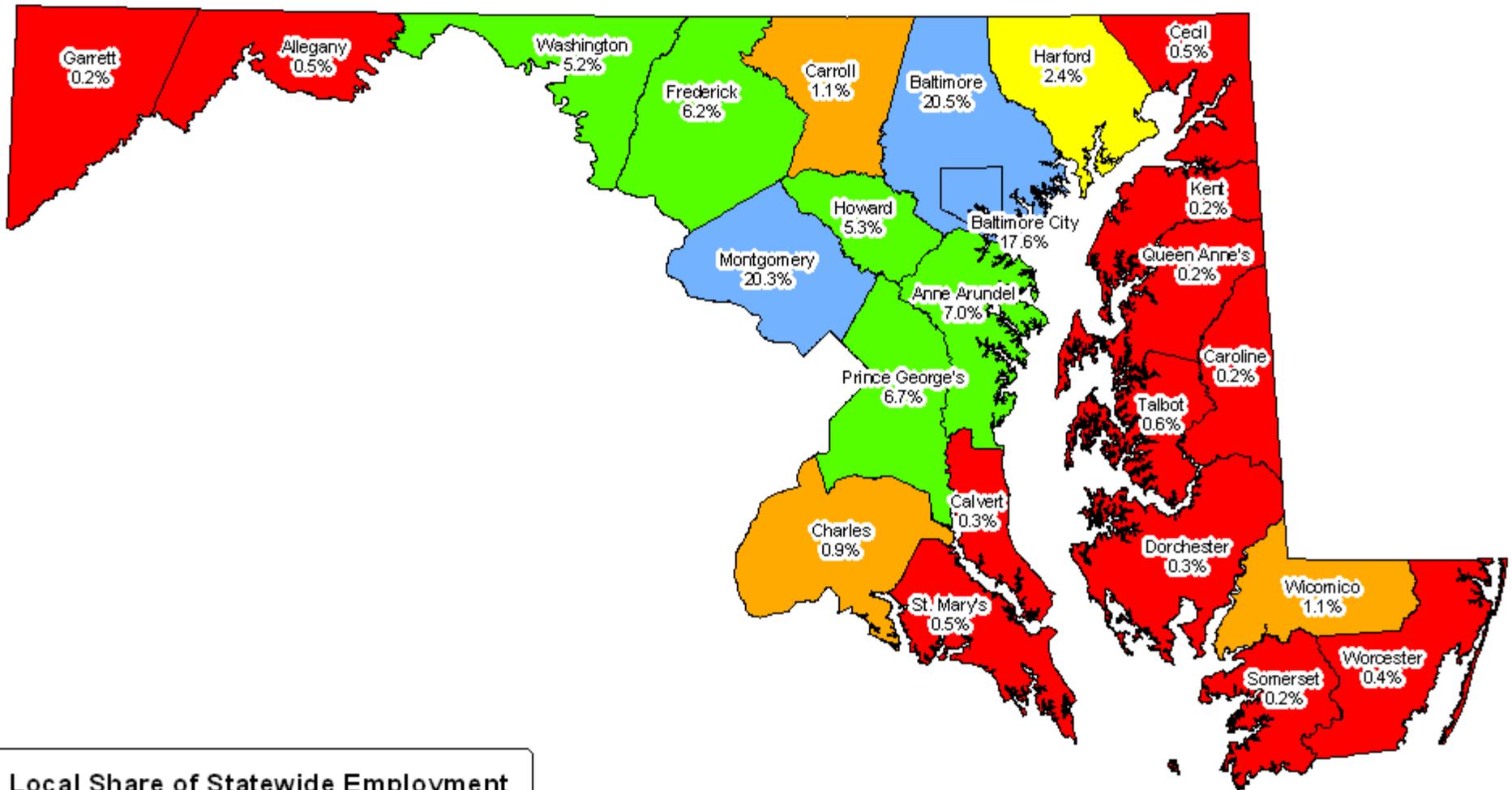
Employment Changes in the Finance & Insurance Cluster by WIA 2002 - 2004



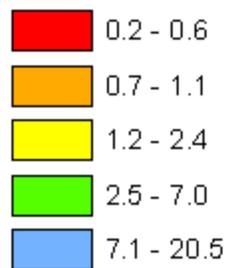
Average Weekly Wage in the Finance & Insurance Cluster by WIA - 2004



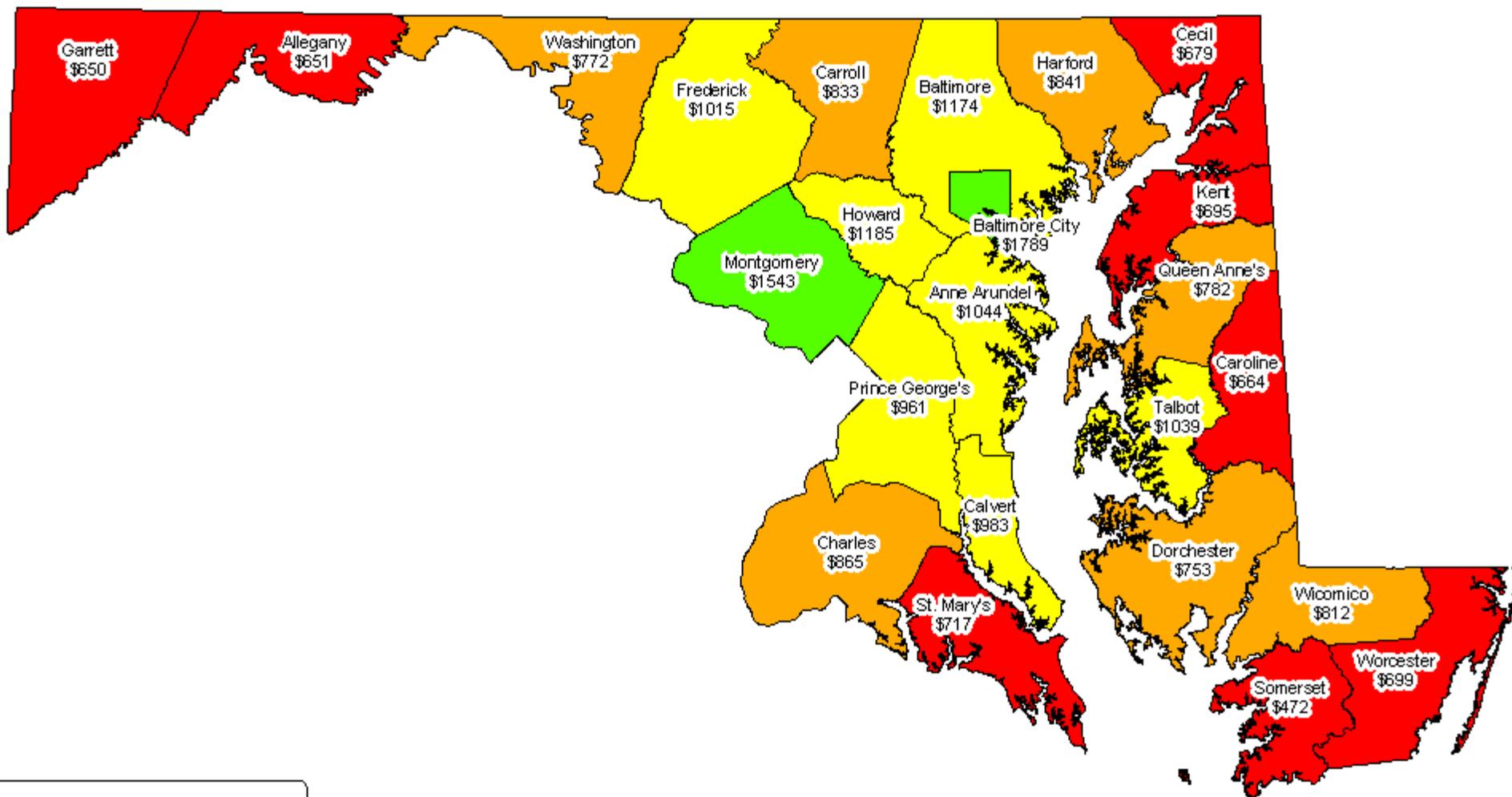
Local Share of Statewide Employment in the Finance & Insurance Cluster 2004



Local Share of Statewide Employment



Average Weekly Wage in the Finance & Insurance Cluster 2004



Average Weekly Wage

